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ADDRESS OF

William C. Brown

President

New York Central Lines

AT THE ANNUAL BANQUET OF

THE ROCHESTER CHAMBER OF COMMERCE

ROCHESTER, N. Y.

FRIDAY EVENING, MARCH 18, 1910

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MR. TOASTMASTER, MR. PRESIDENT, AND GENTLEMEN OF
THE ROCHESTER CHAMBER OF COMMERCE:

At the threshold of my remarks I want to express my appreciation of the great honor conferred by you in permitting me to speak from this platform with the distinguished guest of the evening, the President of the United States.

The magnificent ovation which this Chamber of Commerce, representing all the business interests of this splendid city, has given President Taft, is eminently fitting, and most abundantly deserved.

I doubt if any administration in the history of the nation has accomplished as much in the same length of time for the commercial interests of the country, so much for the manufacturing interests, so much for the agricultural interests, or, above all in importance, so much for the millions who compose the great army of workingmen of

the nation, as has been accomplished since the election of President Taft in November, 1908.

The change has been so gradual, the improvement so healthy and normal, that it is necessary to recall conditions then, and compare them with the present, in order to appreciate their significance and value.

More than four hundred thousand idle cars were side-tracked, and ten thousand locomotives, with fires extinguished and crews forced into unwelcome idleness, filled the roundhouses of the railroads.

Mines were shut down; the sound of the axe was hushed in the lumber camps; the great factories of the country were closed or worked spasmodically with a small fraction of their normal forces; thousands of laborers left the country, taking their savings with them, and tens of thousands walked the streets looking in vain for work.

To-day every car is employed, every engine is in service, double-crewed, and working to the last mile of her capacity.

The great manufacturing industries of the country are bee-hives of activity, and the demand for labor exceeds the supply.

From the depths of a disastrous industrial, commercial and financial depression, in eighteen short months the country has been led to the highest tide of prosperity, in which the farmer, the merchant, the manufacturer, the worker, and the railroad are all sharing in a fairly equitable degree.

Men will differ as to governmental policies, the tariff, the currency, the regulation of corporations, or what-not, but that the first business of government is, and should be, to secure the most abundant measure of prosperity and comfort for the greatest number of its citizens all

must agree, and history records no parallel in this respect to this first year of the present administration.

My topic this evening is, perhaps, the most important that engages public attention to-day.

We hear much of the subject of the conservation of our natural resources, and it is well that this important subject should have the most careful consideration.

I have thought, however, that about ninety per cent. of the discussion of this important question has been directed to about ten per cent. of our natural resources.

Husband our coal as we will, economize in its use to the last limit, but the day will come when the last ton will be mined and nothing will remain but the empty holes in the ground.

The same is true of all the products of our mines; but the fertility of the soil cannot only be maintained, but constantly augmented, and it must be, if this nation or any other nation on the face of the earth is to continue to exist.

The present high price of food stuffs, and the blind outcry and protest against them, is but the preliminary breath of the storm which will become a hurricane unless a remedy is found.

I characterize the rebellion against present conditions as blind, because the cause is obvious to any one who will attempt the most superficial study of them.

We have been for a century and a half recklessly exploiting the natural resources of a continent. The great forests have been regarded as an incumbrance. I have seen, in the Prairie State of Iowa, acres of maple, white oak and hickory timber cut down, dragged into great piles and burned!

Like children with an overabundance of oranges, taking a suck from this, a bite from another, and throwing

them away, our agriculture has been a process of half-farming, until land began to show indications of exhaustion, and then moving on and taking up new land farther west.

Now the children's basket of oranges is empty, the new land farther west to be had for the asking is gone. Population is increasing, every added mouth demands to be fed, and, as the hungry mouths multiply, there can be but one of two results—an increase per acre in the product of the farm, or a continued and alarming increase in the cost of food.

Meanwhile, with characteristic zeal and equally characteristic lack of good judgment and common sense, we ignore economic conditions and their inevitable result, and jump to the conclusion that some one is to blame for all this.

Commissions have been appointed to investigate the subject. The Department of Agriculture is conducting an examination to ascertain by analyzing the elements or factors which, from the producer to the consumer, make up the ultimate cost, whether or not undue or unreasonable profit is being exacted by any one.

Some person started the unspeakable folly of the meat boycott; it was caught up and headlined in the papers, and for a short time, like all similar hysteria, it spread like wildfire.

A reference to the report of the Agricultural Department would have shown that on January 1, 1910, there were on the nation's farms between ten and eleven million less meat-producing animals than there were a year before, and a glance at the report of the Commissioner of Labor would have disclosed the fact that there were several million more men steadily employed and able to buy meat in January, 1910, than in January, 1909.

The result was inevitable; it was just as certain and as simple as that two and two makes four, and that result was a material increase in price.

I do not know that in all cases it justifies the retail price to the ultimate consumer. To trace the product from the farm to the packer, and from the packer to the wholesaler in the city, is practicable, but to follow it to the innumerable retail dealers in our cities, and from them to the millions of consumers, would be a more difficult task.

I do know, however, that the whole transaction after it leaves the hands of the wholesale dealers is one of the most glaring exhibitions of wasteful extravagance that can be found in the conduct of trade in any of its myriad ramifications in this or any other country.

I live in an apartment building in New York which contains about forty apartments. Since the agitation in regard to prices has been in progress I have taken pains to observe the methods of the retailers of meats, vegetables and groceries, and I have seen fifteen delivery wagons, each with a box or basket or two, waiting in each other's way to get into the area where delivery to the apartments is made.

One wagon with one team and one driver would have handled, without trouble, all that the fifteen wagons contained.

In the four sides of one city block not far from where I live there are sixteen small stores or markets selling groceries, vegetables, meats, etc.; four of them could without any trouble whatever do all the business done by the sixteen.

My suggestion would be that twelve of these shopkeepers take their twelve teams, their twelve drivers, and their clerks, and go out in the country and become pro-

ducers, instead of consumers ; that they add something to the wealth of the country by creating it, instead of interposing an unnecessary and uncalled for expense between the producer and the consumer.

Contrary to public opinion, competitive prices are frequently very high prices.

The cost of selling and delivering goods is an important factor in determining the price of an article, in many cases exceeding the wholesale price of the article itself, and competitive prices maintained under such conditions are bound to be abnormally high compared with the cost of manufacture or production, or compared with the wholesale price, which includes the cost of transportation.

The ultimate consumer must in each case pay prices for his goods that will cover the high rents of the many small establishments, the waste of carrying many duplicate stocks in the different stores, the disadvantage of buying in small quantities, and the wages of multiplied clerks and of multiplied cost of delivery.

A comparison of the increase in cost of food stuffs produced on the farms of the country with the increase of all commodities, is interesting and exceedingly illuminating.

A report made by Mr. Geo. R. Holmes, Chief of Division of Production and Distribution of the Department of Agriculture, gives the following information :

“If farm animals and farm crops are combined, particularly wheat, the general average advance in price for all of them is 87 per cent. In the meantime all commodities increased only 23 per cent. ; so it is ascertained that there has been a tendency of crops and animals on the farms to increase in value per unit at a much faster rate than all commodities have increased.”

These statistics show that the failure to increase the product of our farms in anything like the ratio of increase in consumption is exerting more than three times the effect upon the cost of living of all other causes combined.

A few comparisons will throw a powerful side-light upon this situation:

The price of wheat in 1909, as compared with 1899, shows an increase of sixty-nine; corn, ninety-seven; and oats, sixty-three per cent.; while the barbed wire used for fences shows a decrease during the same period of $27\frac{1}{2}$ per cent., and the binding twine used by the farmer in harvesting his wheat and oats costs thirty per cent. less than it did ten years ago. The plow he uses costs the same, and the binder, mower, rake, and tedder cost only about three and three-quarter per cent. more for a much better machine.

The farmer receives an average price for butter, eggs, milk and cream fifty-four per cent. higher than ten years ago; but he buys a first-class cream separator forty per cent. cheaper than he did then.

Salt, used in large quantities on the farm in the dairy and packing houses, shows a decrease in price of four per cent., while hams sell for thirty-one per cent. and bacon for ninety-nine per cent. more than ten years ago.

Ground bone fertilizer, manufactured by the packers and used in large and increasing quantities, has increased in price only four per cent.

Broadly stated, the great increase in the cost of living is caused by the simple economic fact that consumption is rapidly overtaking production, and a careful analysis of the increased price of farm products, as compared with the increase in price of the products of manufacture, will suggest the wondering inquiry how it has been possible

to make the reductions, or to maintain the unchanged or slightly increased prices of the latter, while the prices of the former have been moving upward so rapidly.

These figures show conclusively that, in spite of the fact that the great increase in cost of these prime necessities of life has increased the cost of labor more on the average than thirty-three per cent., these great manufacturing companies have been able, by economics in administration, operation and cost of distribution, to keep their prices down substantially to the level of ten years ago.

Furthermore, by these same economics, these concerns are year by year increasing their sales in foreign lands, offsetting in great measure the loss in our exports of food stuffs, which are rapidly diminishing to the vanishing point.

No more accurate measure of fundamental prosperity can be found than that an individual or a nation produces and sells more than he or it buys—that the aggregate of all transactions results in bringing money in, rather than paying money out; and here occurs another sharp and significant contrast between the products of agriculture and those of mining and manufacture.

In 1899 we produced more than three and one-half billion bushels of corn, wheat, rye, oats, and barley, and, including flour and corn-meal, we exported something more than four hundred and seventy million bushels.

In 1909 we produced more than four and one-half billion bushels of these cereals, but our exports had dropped to less than one hundred and thirty-four million bushels.

In other words, our exports of these products of the farm in 1899 exceeded those of 1909 by two hundred and fifty-one per cent.

Our exports of beef and its products for 1899 ex-

ceeded those of 1909 by seventy-two per cent., and the exports of the products of pork in 1899 exceeded those of 1909 by eighty-nine per cent.

Coincident with this falling off in our agricultural exports, we imported in 1909 no less than 8,384,000 bushels of potatoes, 3,355,000 bushels of beans and dried peas and 6,667,000 bushels of oats; and during the latter part of January of this year, notwithstanding a duty of twenty-five cents a bushel, we came within one-half of one cent per bushel of importing wheat from England.

The increase in corn, wheat, oats, rye, barley, potatoes, hay, buckwheat, flaxseed, rice, and cotton for 1909, over 1899, is as follows:

Acreage	-	-	-	-	-	23 per cent.
Production	-	-	-	-	-	36 per cent.
Consumption	-	-	-	-	-	60 per cent.

Do not these figures indicate an exceedingly grave, present, economic problem? Do they not foreshadow an economic crisis in the not distant future?

The year 1909 was unique in foreign exchange in two respects—first, in the fact that it witnessed the largest shipment of gold of any one year in our history; and, second, in the large proportion of this gold that went to South America.

One hundred and thirty million dollars drawn from the treasure vaults of the nation and shipped abroad; of this amount, sixty million dollars went to South America, fifty-five million of it to Argentina.

Both phases of this phenomena are explained by the fact that for the year ended July 31, 1909, Argentina for the first time forged ahead of the United States, taking first place among the grain exporting countries of the

world ; and, in addition to this, she shipped sixty per cent. of all the meat imported by Europe.

With this startling loss in our exports of the products of agriculture, what has been the record made by manufacturing and merchandising concerns during the same period in maintaining a balance of trade in favor of this country ?

Our exports of agricultural implements, which were something less than twelve and one-half millions in 1899, had increased in 1909 to more than twenty-five million dollars.

Our exports of iron and steel and their products, less than ninety-four millions in 1899, had increased to almost one hundred and forty-five million dollars in 1909.

Exports of crude petroleum, amounting to five million dollars in 1899, increased to a little less than seven millions in 1909, or an increase of thirty-three per cent. During the same period exports of refined kerosene increased from fifty-one million dollars in 1899 to practically one hundred million dollars in 1909, an increase of ninety-four per cent.

The exports of leather manufactures increased nineteen and one-half million dollars, or eighty-three per cent. ; and the increase of copper and its products was approximately fifty million dollars, or one hundred and thirty-four per cent.

Summarized, the value of food stuffs *exported* from this country decreased more than ninety-nine and one-half million dollars, as compared with 1899, while at the same time the *imports* of food stuffs *increased* almost one hundred and seven million dollars.

Including in the computation the loss in exports and the increase in imports, the country showed a loss of

more than two hundred and six million dollars in its international trade in food stuffs during the year 1909.

If the same relative loss had taken place in the products of our great industrial corporations, this country, in 1909, would have become a debtor nation in the markets of the world, after having maintained a continuous credit balance for more than thirty-five years.

The question, then, is essentially an economic one—a question of the gravest importance, to which should be directed the most mature wisdom, the most conservative judgment, and the most sleepless, untiring energy of the most constructive, progressive minds of the nation.

In this economic evolution we are not following an untrodden path. Other nations have been confronted with the same great question, "How shall we be fed, and wherewithal shall we be clothed?" and upon the wisdom with which the question has been solved has hung the fate of those nations.

More than a century ago the production of wheat in Great Britain had gone down to about the average of this country to-day; viz., a fraction less than fourteen bushels per acre.

A Royal Commission was appointed, which has been in continual, active existence ever since. The yield of wheat was gradually brought up to thirty-two bushels per acre, and at that figure it is maintained year after year.

The story of this campaign for improved agriculture in England is exceedingly interesting, and, in the present juncture, of profound importance to this country.

The islands of the sea have been swept clean of their rich stores of guano, the accumulation of ages. Phosphates have been imported by the millions of dollars' worth from the United States. The battlefields of

Europe were combed, the catacombs of Egypt rifled, and for years the bones of three million men were ground up annually and used to bring the soil of England back to its present fertility.

Approximately five million dollars' worth of our phosphates are being exported each year. In some way this should be stopped. In the years to come this master fertilizer will be worth more than gold.

I believe it is well within the bounds of conservatism to say that long before the middle of the present century the phosphates which we export annually, and for which we receive five million dollars, will be worth five hundred million dollars for fertilizing our own land.

It is safe to say that no country of the world excels the United States in natural fertility of soil, or has a more favorable general climate.

Notwithstanding these natural advantages, with our careless, uninformed methods—our utter want of method—our farms produce an annual yield of less than fourteen bushels of wheat per acre, as compared with thirty-two in England, twenty-eight in Germany, thirty-four in the Netherlands, and twenty in France.

We produce an average of less than twenty-three bushels of oats per acre, while England produces forty-two, Germany forty-six, and the Netherlands fifty-three.

Germany, with an arable area of less than some of our largest States, produces more than seven times the number of bushels of potatoes that are produced in all the States.

The increased value of corn, wheat, oats, and barley in the United States, provided the average yield per acre of the same crops in Germany had been raised, and assuming a production of fifty bushels of corn to the acre, would have amounted to three and one-quarter bil-

lion dollars for the crop of 1909; and, undoubtedly, this increased production of grain would have enabled this country to have held the first place as a meat-exporting nation, which we have been compelled to surrender to Argentina.

The seriousness of the situation cannot be overstated. An alarm should be sounded from the Atlantic to the Pacific, and from our northern boundaries to the Gulf, arousing the farmers to the country's necessities, to their own opportunities and possibilities.

Experimental farms should be established in every county of every State, where the most modern methods of fertilization and cultivation and the result of such methods can be demonstrated, and where every farmer in the county can *see exactly how it is done*, instead of being told in books or lectures how it can be done.

I have called attention to the fact of our rapidly diminishing exports and increasing imports of food products.

A most careful investigation of statistics shows beyond the shadow of doubt that, unless production can be immediately and powerfully stimulated, within five years consumption of food stuffs in this country will have overtaken production; the last vessel loaded with the exports of the nation's farms will have left our shores; the great grain-exporting elevators in our Atlantic and Pacific ocean ports will stand empty and idle; and this great agricultural nation, like the nations of the Old World, will be looking with anxious eyes for a place to purchase the necessities of life.

These facts, the conditions which they disclose, would, without some qualification or explanation, be regarded as a severe criticism of the farmers of the country. Nothing is further from my mind. My boyhood was spent among

the farmers on the Western frontier. I know of their hardships and privations, their struggles, heroic as any history records, against obstacles and discouragements, scantily appreciated by the generation that has followed them.

In the light of present high prices of farm products, the abandoned and impoverished farms of the Eastern States and the half-cultivated farms of the West seem utterly incomprehensible and inexcusable.

But let us take a look backward only a few years and these things will not seem so strange. From the earliest settlement in New England and the development of that fringe of population along the Atlantic coast, until within the past ten years, vast areas of the most fertile lands in the world, located just a little further west, have constantly beckoned to the farmers of the East, and thousands have responded to the call.

The marvelous extension and development of railroads through the Middle West during the ten years following the close of the Civil War, opening up and making easily accessible empires of this rich land, marvelously stimulated emigration; and each new railroad, each extension of existing railroads, was followed by the location of thousands of settlers and the opening up and cultivation of millions of acres of new land.

The result that followed was inevitable. The products of the nation's farms soon so far exceeded the demand for them that prices fell far below the bare cost of production.

I have seen as good corn as the States of Iowa, Kansas and Nebraska ever grew sell for ten to twelve cents per bushel, and it was a drug on the market at that price. I have seen this corn burned for fuel on the farm, because it was cheaper than wood or coal.

Is it strange that such conditions resulted in a ruinous collapse in farm values in Pennsylvania, New York and New England, or that they begot methods or habits of unthrift and improvidence in the cultivation of the soil in the West?

These conditions prevailed not only in our own country but abroad. Railroads were being built in Russia, Australia, Argentina, India and New Zealand, and cheap land with its cheap product competed in every market on the globe.

Fifty-one years ago, in an address delivered before the Wisconsin State Agricultural Society, Abraham Lincoln said:

“My first suggestion is an inquiry as to the effect of greater thoroughness in all departments of agriculture than now prevails in the Northwest—perhaps I might say in America.

“What would be the effect upon the farming interests to push the soil up to something near its full capacity? Unquestionably, it will take more labor to produce fifty bushels from one acre than it will to produce ten bushels from the same acre; but will it take more labor to produce fifty bushels from one acre than from five?

“Unquestionably, thorough cultivation will require more labor to the acre; but will it require more to the bushel?

“If it should require just as much to the bushel, there are some probable, and several certain, advantages in favor of thorough practice.

“It is probable it would develop those unknown causes, which of late years have cut down our crops below their former averages.

“The thought recurs that education, cultivated

thought, can best be combined with agricultural labor, or any labor, on the principle of thorough work, and thorough work again renders sufficient the smallest quantity of ground to each man, and this again conforms to what must occur in a world less inclined to war, and more devoted to the arts of peace, than heretofore.

“Population must increase rapidly, more rapidly than in former times, and ere long the most valuable of all arts will be the art of deriving a comfortable subsistence from the smallest area of soil.

“No community whose every member possesses this art can ever be the victim of oppression in any of its forms. Such community will be alike independent of crowned kings, money kings and land kings.”

These words of Mr. Lincoln could not have appealed very strongly to the farmers of Wisconsin or the neighboring States when land and its products were about the cheapest thing in which men dealt.

Why expend money or especial effort to increase production when the most indifferent farming produced more than could be used and the surplus in many cases would not bring the bare cost of production? Why spend money in building up and enriching the soil when for two thousand miles, from the Mississippi to the Pacific, land as rich and fertile as the best on earth could be had for the asking?

Fifty years later this admonition, under the changed conditions, comes with the force and significance of prophecy, because it applies now to a vital, burning question in which lie the issues of national life or death.

When these words were spoken, and for thirty years following, production exceeded consumption, and there

was a steady, continuous, heart-breaking decline in the values of the thing produced.

Now, and for ten years past, consumption is overtaking production with alarming rapidity, and values are rising by leaps and bounds.

Then, increased consumption could be provided for by increased acreage; now, this is impossible. Increased consumption can only be met by increased production on substantially our present acreage.

Then, the outlook for agriculture was dark and almost hopeless, the market was limited, prices low and the tendency was always down. Now, the market is unlimited at liberal and steadily advancing prices.

Then, there was a reason for cheap land in this and other Eastern States; now, every acre of agricultural land, worn out and impoverished, as much of it is, is worth \$100 per acre to build up and replenish.

Then, there was little incentive to fertilize and maintain the soil by the use of commercial fertilizers; now, these expenditures will pay a hundredfold.

Then, the choice between the expense and work of maintaining the fertility of the soil in the older States, or opening up and cultivating the rich virgin soil in the West, was a legitimate one. Now, no such choice is possible. The vacant land is practically all occupied. The day of the settler and the homesteader has passed. Increased consumption can no longer be provided for by multiplying acres.

There is no alternative—we must increase production per acre by more intelligent methods, or we must face the relentless, certain coming of the day when we shall not produce food enough to supply our own necessities.

In a letter written by Lord Macaulay, the eminent English historian, under date of May 23, 1857, to Mr.

H. S. Randall, a citizen of this country, I find the following:

"As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than the laboring population of the Old World. But the time will come when New England will be as thickly peopled as Old England. Wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and your Birminghams, and, in those Manchesters and Birminghams, hundreds of thousands of artisans will assuredly be sometimes out of work. Then your institutions will be fairly brought to the test."

Again, in the same letter, occurs the following:

"Hard times must come, but the springs of national prosperity will begin to flow again, work will be plentiful, wages will rise, and all will be tranquility and cheerfulness. I have seen England pass three or four times through such critical seasons as I have described. Through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance, but my reason and my wishes are at war, and I cannot help foreboding the worst.

"The day will come when in the State of New York a multitude of people, none of whom has had more than half a breakfast or expects to have more than half a dinner, will choose a legislature. On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers, and asking why anybody

should be permitted to drink champagne and ride in carriages, while thousands of honest folks are in want of necessities.

“Which of the two candidates is likely to be preferred by a workman who hears his children crying for more bread? I seriously apprehend that you will, in some such season of adversity which I have described, do things which will prevent prosperity from returning; that you will act like people who shall in a year of scarcity devour all of the seed-corn, and thus make the next a year not of scarcity, but of absolute famine.”

Is not this prophecy of Lord Macaulay in the process of fulfilment? The boundless extent of fertile, unoccupied land is gone. We have our Manchesters and our Birminghams by the score, and, in times of great depression, such as will certainly come, our unemployed will be numbered not by the hundreds of thousands but by the millions.

In our improvident methods of farming, in the wicked impoverishment of our soil—the real basis of all wealth—are we not indeed like “people who would, in a year of scarcity, devour all of the seed-corn, and thus make the next a year not of scarcity, but of absolute famine?”

Is it not the duty of every thinking American citizen to take thought of the morrow and avert to the latest possible date the day of stress and test predicted by Lord Macaulay?

Fifty years ago, the richness and fertility of the soil of New York State and the production of her farms was the wonder and admiration of European travelers in this country. In 1860, this State was a leader among the great agricultural States of the Union.

Your Department of Agriculture recently published a

bulletin containing a list of farms for sale in this State which no man who possesses that feeling of State pride and loyalty that every citizen should feel can read without a sense of humiliation and concern.

Sixty-three thousand, four hundred acres of improved farms, with fences, houses, barns, etc., at an average price of \$17.78 per acre! Nearly 100,000 acres at an average price of \$25.00 per acre!

Is it not time the business men of New York State awakened to the condition that confronts them, which lies at their very doors?

Is there not a work of broad-minded, unselfish devotion before the young men of this State and of the country, as important and as lofty in its aim as has ever inspired the patriotism, the love of home and of country, of the citizenship of this great nation.

We may be wasteful and careless of everything else; but the land, "our kindly mother earth, belongs to the ages"; it is ours but for a day; we are only temporary trustees for generations yet unborn; and the happiness, the comfort, yea, the very existence of the millions who will follow us, depends upon the conscientious, patriotic, far-seeing wisdom with which we discharge this trust.

